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ABSTRACT

This report describes ways in which appropriated and nonappropriated funds were used to support morale, welfare, and recreation (MWR) activities, which include child care, at the Marine Corps Recruit Depot, Parris Island, South Carolina, and the Marine Corps Air Station, Beaufort, South Carolina. In addition, the report provides information on child care center user fee income and reviews the circumstances concerning user fee increases at these two installations. Of particular concern to the Congressional requesters was the issue of why user fees increased during 1988 and why rates at the installations (located about 10 miles apart) differed by as much as 37% on October 1, 1988. After a summarizing letter to the requesting chairperson, Appendix I discusses in detail the information obtained on MWR funding and income, factors affecting user fee decisions, and issues related to child care funding. Appendix II lists by category MWR recreation activities supported by the two installations. Appendix III identifies major contributors to the report. (RH)

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United States General Accounting Office

GAO

Report to the Chairman, Subcommittee on Military Personnel and Compensation, Committee on Armed Services, House of Representatives

March 1989

MARINE CORPS CHILD CARE

User Fee Increases at Parris Island and Beaufort Installations

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GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-234901

March 24, 1989

The Honorable Beverly B. Byron
Chairman, Subcommittee on Military
Personnel and Compensation
Committee on Armed Services
House of Representatives

Dear Madam Chairman:

In your December 12, 1988, letter and later discussions with your office, we were asked to describe how appropriated and nonappropriated funds are used to support morale, welfare, and recreation (MWR) activities, which include child care, at the Marine Corps Recruit Depot, Parris Island, South Carolina, and the Marine Corps Air Station, Beaufort, South Carolina. In addition, you asked us to collect information on child care center user fee income and to review the circumstances surrounding user fee increases at these two installations. Of particular concern was why user fees increased during 1988 and why rates at these installations (located about 10 miles apart) differed by as much as 37 percent on October 1, 1988.

The information we obtained on MWR funding and income, factors affecting user fee decisions, and issues related to child care funding is summarized below and discussed in more detail in appendix I.

MWR Funding and Income

For accounting purposes, MWR activities are classified as either (1) recreation services, such as gymnasiums, crafts and hobbies, libraries, movie theaters, and golf courses, or (2) service clubs, such as commissioned officers' and noncommissioned officers' clubs. For funding purposes, child care centers are categorized as recreation activities and compete with other such activities for funding support.

MWR activities receive financial support from two sources: appropriated funds and nonappropriated funds. Appropriated funds can be used to meet operating costs (such as utilities, supplies, and custodial and maintenance services) and some personnel costs (such as the salaries of some recreation personnel and child care center directors and assistant directors). Appropriated funds are also used for constructing or renovating facilities, such as libraries, gymnasiums, and child care centers.

All other costs are met with nonappropriated funds, which come from a combination of user fee income, profits realized by the installation's

exchange, and savings from profits earned by nonappropriated fund activities in previous years. User fees and charges to patrons of installation recreation activities generate a large portion of the nonappropriated funding. For recreation activities that do not generate sufficient income to cover nonappropriated costs, an installation commander can subsidize them with revenues from other MWR recreation activities that generate a profit. Exchange profits can also be used for that purpose.

Exchange profits come from the sale of merchandise in the installation's exchange and are transferred to installation recreation activities each year for use as needed. When nonappropriated costs cannot be met with the combination of user fees and exchange profits, nonappropriated fund savings, if available, can be withdrawn and used. These are savings accumulated from prior years' profits and maintained in a savings account for use as shortages or contingencies dictate.

Factors Affecting User Fee Decisions

In the spring of 1988, weekly fees for one child at Parris Island and Beaufort child care centers ranged from $22 to $24 and $24 to $29, respectively, depending on the military parent's rank. Lower fees applied to other children from the same family. According to officials at the two installations, these fees were considerably lower than those charged by private child care centers in the area, which ranged from $35 to $56 per week. The installations' child care user fees were maintained at their relatively low levels through the use of nonappropriated fund subsidies generated by other MWR activities, exchange profits, and funds withdrawn from nonappropriated savings.

During 1988 the Parris Island and Beaufort child care centers experienced significant pressures to increase user fees. These pressures resulted primarily from a combination of several factors:

- Directives from Marine Corps headquarters to cover more nonappropriated costs with user fees.
- Reduced availability of savings because they had been used to support nonappropriated fund subsidies to child care and other MWR activities.
- Cuts in fiscal year 1988 MWR appropriations.
- Increased manpower and operations expenses partly due to an overall Marine Corps initiative to improve the quality of child care.

These factors are discussed in more detail in appendix I.

Commanders at both installations were able to prevent child care center user fee increases in 1987 by redirecting funds to child care from several sources of nonappropriated funds. However, in 1988 economic and fiscal pressures to raise fees continued, forcing installation commanders to devote an increasingly greater share of shrinking appropriated and nonappropriated funds to child care. At the same time, cuts were made in other recreation activities, such as swimming pools and movie theaters. Limiting fee increases when center expenses rose and funding sources were cut resulted in withdrawals from savings held for contingencies. This support of the child care program, however, reflected the commanders' beliefs that child care is an essential service for today's Marine Corps population and one that must be protected from funding instability.

In 1988, however, both installations found it necessary to raise fees. The Beaufort child care center's response to pressures for higher user fees resulted in two increases on May 31, 1988, and January 3, 1989. Parris Island waited longer to raise its fees and introduced a larger one-time increase on October 1, 1988. Although Parris Island's increase resulted in fees as much as 37 percent higher than those at Beaufort on October 1, 1988, we were told that Beaufort's January 1989 increase, and an additional user fee increase expected later in 1989, will result in comparable fees at the two installations.

Despite these recent increases, the weekly child care fees at Parris Island ($26 to $45) and Beaufort ($36 to $40) are still slightly lower than the fees charged by seven private centers we surveyed in that area. Furthermore, the two installation's fees are lower than the national Marine Corps child care average of $46 per week.

User fees are expected to cover at least the direct salary portion of child care centers' nonappropriated expenses. In fiscal years 1987 and 1988, the Parris Island child care center collected user fees totaling 97 and 87 percent of its nonappropriated direct salary expenses, respectively. In the same two years, the Beaufort center collected user fees totaling 122 and 113 percent of its nonappropriated direct salary expenses. Personnel from both installations told us that user fees are expected to cover all nonappropriated direct salary expenses in fiscal year 1989.

Issues Related to Child Care Funding

Personnel from both installations identified several factors that they believe point to the need for sustained high-level financial support for child care.

First, installation personnel stressed that the Marine Corps' commitment to a work force with more women, single parents, and dual military couples implies a commitment, as a responsible employer, to provide high-quality, consistently available child care. The all-volunteer military requires each service to be a competitive employer and to provide benefits, including child care, comparable to those available in other job sectors. Therefore, we were told, child care can no longer be viewed as an amenity. Rather, it must be viewed and managed as a vital service that installation commanders are expected to support and protect from budget fluctuations.

When the appropriated funds portion of an installation's MWR budget is cut, as it was in fiscal year 1988, installation commanders have three choices regarding child care—maintain its funding by reducing other MWR activities, reduce the type or amount of care, or raise user fees. Installation personnel indicated that these are difficult decisions since each adversely affects some or all segments of the installation's population.

We were told that if child care is given priority, funds for other recreation activities will be cut. For example, at Parris Island, the operating hours for the ceramic and woodworking shops were reduced from 40 to 24 per week, and at Beaufort, the ceramic shop was closed due to funding priorities. These activities are available to all personnel, including those without children.

Installation personnel told us that if child care services are reduced, parents will likely have more difficulty finding alternative sources of child care. They also indicated that increasing user fees can cause financial hardships on military families with limited income.

In addressing these issues, we (1) reviewed Department of Defense and Marine Corps regulations and guidance related to the provision of child care; (2) interviewed Parris Island and Beaufort installation officials and personnel responsible for the operation and funding of MWR recreation programs, including child care; and (3) reviewed data at the two installations on staffing, costs, and fees for child care and other MWR recreation activities. We also contacted seven privately run child care centers in the Beaufort area to determine the extent to which their user fees were comparable to the fees charged by the two installations' child care centers.

We did not obtain formal agency comments on this report; however, we obtained informal comments from Department of Defense officials, Marine Corps officials, and installation commanders at Parris Island and Beaufort and considered their comments in preparing this document.

As arranged with your office, unless its contents are announced earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the Secretary of Defense, the Secretary of the Navy, and other interested parties and will make copies available to others on request.

Major contributors to this report are listed in appendix III.

Sincerely yours,

Linda G. Morra

Linda G. Morra
Director of Select
Congressional Studies

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Abbreviations

GAO	General Accounting Office
MWR	morale, welfare, and recreation
NAF	nonappropriated funds

Child Care User Fee Increases at the Marine Corps' Parris Island Recruit Depot and Beaufort Air Station

Background

The Marine Corps Recruit Depot, Parris Island, South Carolina, and the Marine Corps Air Station, Beaufort, South Carolina—installations about 10 miles apart—have child care centers that provide care on a weekly, daily, and hourly basis. In January 1989, the Beaufort center was operating at its full capacity of 151 children, while Parris Island was at about 50 percent of its capacity of 132 children. At that time, Parris Island's center had 24 personnel, while Beaufort's had 32; the centers' personnel included managers; child development assistants; full-time, part-time, and intermittent caregivers; and janitorial help.

In the spring of 1988, the Parris Island child care center's weekly user fees for one child ranged from $22 to $24, while the Beaufort center's fees ranged from $24 to $29. The fees charged at both centers were based on military rank. Lower fees applied to other children in the same family. The cost of food (lunch and snacks) was charged separately. Citing budget constraints and Marine Corps funding requirements, the Beaufort center raised its user fee charges on May 31, 1988. The new weekly fees for one child ranged from $31 to $35 and were charged according to the age of the child, with higher fees for younger children. On October 1, 1988, the Parris Island center increased its weekly user fees to $38 to $48, based on rank, which represented a 73- to 100-percent increase. According to Parris Island officials, this increase resulted in their center's weekly contracts dropping by 57 percent.

Some parents at the Parris Island installation were upset by the large fee increase and by the difference between the fees charged by the Parris Island and Beaufort centers and requested Representative Ravenel to investigate. He brought the matter to the attention of the Subcommittee on Military Personnel and Compensation, House Committee on Armed Services, whose Chairman requested that we review the basis for the user fee increases at the two installations.

In later discussions with subcommittee staff, we also agreed to review how appropriated and nonappropriated funds are used to finance recreation activities supported by the morale, welfare, and recreation (MWR) programs on the two installations and to collect information on user fee income from recreation activities.

Table I.1 summarizes child care center characteristics at the Parris Island and Beaufort installations, including nonappropriated and appropriated funds and user fee income.

Table I.1: Characteristics of the Parris Island and Beaufort Child Care Centers, Including User Fees

	Parris Island	Beaufort
Capacity	132	151
Average daily attendance (1/89)	About 70	At capacity
Type of care provided	Weekly, daily, hourly	Weekly, daily, hourly
Personnel (1/89)	24	32
Nonappropriated funds (1/25/88-12/31/88)	$244,900	$290,700
Appropriated funds (10/1/87-9/30/88)	$45,100	$64,800
User fee income (1/25/88-12/31/88)	$143,500	$234,000
User fees charged (excluding meals)		
03/01/88	$22–24	$24–29
05/31/88	22–24	31–35
10/01/88	38–48	31–35
01/03/89	26–45[a]	36–40

[a]The lower range of fees instituted at Parris Island on January 3, 1989, reflects a change from basing charges on parents' rank to charging according to family income.

Objectives, Scope, and Methodology

The objectives of our review were to (1) determine why user fees increased at the Parris Island and Beaufort child care centers over the past year and why the increases varied so greatly between the two installations, (2) determine to what extent user fees have covered the nonappropriated manpower costs of those activities, and (3) describe how nonappropriated and appropriated funds are used to support MWR recreation activities at the Marine Corps installation level.

To address these issues, we reviewed (1) Department of Defense guidance and directives related to military child care and (2) Marine Corps guidance and directives on the operation of installation child care programs in order to identify applicable policies. We interviewed officers and personnel responsible for the direction and operation of MWR recreation programs, including child care, at the Parris Island and Beaufort installations to determine the rationale for decisions made. We collected and reviewed data on the amounts of appropriated and nonappropriated funds used to cover the costs of child care and other MWR recreation activities at the two installations and on the amount of income received from these activities.

We also contacted seven privately operated child care centers in the Beaufort area to determine how their user fees compared with fees charged by the two installations for children of similar ages. We did not attempt to compare the types or quality of services provided or the standards applicable in private and military settings.

We discussed our review findings and observations with Department of Defense, Marine Corps headquarters, and Parris Island and Beaufort installation personnel and incorporated their comments into this report, where appropriate. Our audit work was performed between January and March 1989 in accordance with generally accepted government auditing standards.

How Child Care and Other Recreation Activities Are Funded

The MWR program provides a variety of goods, services, and activities designed to function as integral parts of the military emphasis on compensation, family services, and quality of life. The program has the objective of enhancing the physical, psychological, and social well-being of military members so that they may perform their duties more effectively. MWR activities range from those that are considered mission sustaining, such as gymnasiums, libraries, and athletic grounds, to those that are considered to promote a quality of life similar to that found in civilian life, such as marinas, miniature golf, and bowling lanes. MWR activities are supported with a combination of appropriated funds, user fees, and other nonappropriated funds.

MWR Categories

The Department of Defense divides MWR activities into three categories (A, B, and C) based on whether the activity is primarily mission sustaining or revenue generating. Category A activities are those most closely related to the organizational objectives of the military services, such as physical fitness facilities and unit-level sports. They are supported with appropriated funds and generally have little capacity to generate revenues.

Category B activities satisfy the basic physiological and psychological needs of service members and their families, integrating, to the extent possible, the community support systems that make military bases home for a mobile military population. Category B activities include child care centers, recreational swimming pools, youth activities, and music and theater entertainment. These activities receive appropriated fund support but differ from category A activities because of their capacity to generate limited revenue.

Activities in category C also foster a sense of community spirit and provide opportunities for off-duty pursuits. Their distinguishing characteristic is their capability to generate revenue. Category C activities include amusement machines, bingo, large bowling centers, golf courses, service clubs, and paid admission movies.

MWR recreation activities supported by the Parris Island and Beaufort installations are listed in appendix II.

Sources of Funding

For accounting purposes, category A, B, and C activities at both installations are classified as either (1) recreation activities, which include gymnasiums, crafts and hobbies, libraries, movie theaters, and golf courses, or (2) service clubs, such as commissioned officers' and noncommissioned officers' clubs. For funding purposes, child care centers are categorized as recreation activities and compete with other such activities for funding support.

Financial support for recreation activities comes from two sources: appropriated funds and nonappropriated funds. Appropriated funds can be used to meet operating costs (such as utilities, supplies, and custodial and maintenance services) and some personnel costs (such as the salaries of some recreation personnel and child care center directors and assistant directors). Appropriated funds are also used for constructing or renovating facilities, such as libraries, gymnasiums, and child care centers.

All other costs are met with nonappropriated funds, which come from user fee income, profits from the sale of merchandise in the installation's exchange, and savings from nonappropriated fund activities. For recreation activities that do not generate sufficient income to cover nonappropriated costs, an installation commander can subsidize them with revenues from other recreation activities that generate a profit. Exchange profits from the sale of merchandise in the installation's exchange are transferred to installation recreation activities each year to be used as needed.

When nonappropriated costs cannot be met with the combination of user fees and exchange profits, nonappropriated fund savings can be withdrawn and used if they are available. These are savings accumulated from prior years' profits and maintained in savings accounts or certificates of deposit for use as shortages or contingencies dictate.

Sources of Income

Many recreation activities generate revenue from user fees, rental fees, or ticket sales. This income is used to offset the nonappropriated fund expenses of providing these activities. Profits from one activity may be used to reduce the nonappropriated fund expenses of other activities whose income does not fully cover their costs.

Table I.2 shows the income generated by category A, B, and C recreation activities and the child care centers at the Parris Island and Beaufort installations in fiscal years 1987 and 1988. It does not show income from nonrecreation MWR activities, such as the officers' clubs or revenue realized by the installation's exchange. The table also shows the difference between user income and the nonappropriated expenses for recreation activities and child care centers at the Parris Island and Beaufort centers for those years. As indicated earlier, this difference is funded through a subsidy from exchange profits and, during times of funding shortage, nonappropriated fund savings from prior years.

As the table indicates, the nonappropriated fiscal year changed in 1988 to coincide with the exchange's fiscal year, which ran from January 24, 1988, to January 22, 1989. We performed our site visits in mid-January 1989 before the end of the fiscal year and were unable to obtain a full fiscal year of expense data. We collected about 49 weeks of data from January 24 to December 31, 1988.

Table I.2: User Fee Income and Nonappropriated Expenses for Child Care Centers and Other Recreation Activities (Fiscal Years 1987 and 1988)

	FY 1987[a]			FY 1988[b]		
	NAF[c] expense	User income	Difference	NAF expense	User income	Difference
Parris Island:						
Child care center	$170,500	$114,300	$56,200	$244,900	$143,500	$101,400
Category A	283,400	65,500	217,900	248,300	80,100	168,200
Category B (except child care)	168,500	63,700	104,800	145,400	78,800	66,600
Category C	336,500	192,200	144,300	300,300	218,100	82,200
Total	**$958,900**	**$435,700**	**$523,200**	**$938,900**	**$520,500**	**$418,400**
Beaufort:						
Child care center	$244,500	$247,500	(−$3,000)	$290,700	$234,000	$56,700
Category A	87,500	9,700	77,800	85,500	15,500	70,000
Category B (except child care)	223,100	162,900	60,200	209,100	134,300	74,800
Category C	60,600	54,100	6,500	69,800	47,400	22,400
Total	**$615,700**	**$474,200**	**$141,500**	**$655,100**	**$431,200**	**$223,900**

[a]October 1, 1986, to September 30, 1987 (12 months)

[b]January 24 to December 31, 1988 (11 months)

[c]NAF = nonappropriated funds

Factors That Affected Child Care User Fee Decisions

Our review identified several factors that affected user fee decisions at the Parris Island and Beaufort child care centers. These included (1) new Marine Corps directives that required child care centers to cover more of their costs with user fees, (2) the withdrawal of savings to supplement nonappropriated funding subsidies, (3) cuts in fiscal year 1988 MWR appropriated funds, and (4) increases in child care center personnel and operations costs.

Directives to Cover Costs With Appropriated Funds and User Fees

In July 1987, Marine Corps headquarters informed its installations that although child care was partially funded by user fees and other nonappropriated funds at that time, the installations should plan to fully support child care costs with user fees and appropriated funds by October 1, 1987. A second message, sent in October 1987, stated: "Effective 1 Oct. 87, child care programs shall be fully supported by user fees and appropriated funds . . . . Fee increases are encouraged, especially in programs which charge less than $40.00 per week."

In a November 12, 1987, letter to the Commandant of the Marine Corps, the Commanding General of Parris Island stated that his installation would be adversely affected by not being allowed to use MWR nonappropriated funds to support child care. He requested that a waiver be granted to his installation so that fees would not need to be raised beyond the means of many enlisted Marines. Specifically he stated:

"Due to the relatively small size of this depot, the funds needed to support this program are large in terms of per capita participation. Last year child care expenses totalled over $153,000 and MWR funds subsidized the program nearly $40,000. The removal of the child care program from under the aegis of MWR will require the 120 personnel who participate in the program [parents of children enrolled in child care], many whom are in the lower enlisted pay grades, to absorb the $40,000 previously provided by MWR subsidization." (Words in brackets added for clarification.)

The deputy chief of staff for manpower, Marine Corps headquarters, responded on January 25, 1988, indicating that although he shared the Commanding General's concerns, concerns had also been expressed that single Marines were providing much of the support to child care centers through subsidies from the "recreation fund." He stated that the average fee for military child care nationwide ranged from $40 to $60 per week and that if the Parris Island child care center was charging less, a small increase in fees might not be out of line.

In May 1988, Marine Corps headquarters sent a third message to installations concerning child care programs that revised and clarified the policy regarding the use of appropriated and nonappropriated funds. The message reiterated that user fees need to be "affordable for families and yet adequate to provide a quality development child care program." The message suggested that commanders maximize the use of appropriated funds to keep fees as low as possible. It stated that appropriated funds may be used for a number of child care center expenses, including key personnel, such as center directors and assistant directors; facility maintenance; and equipment costs.

Regarding the use of nonappropriated funds, the message permitted commanders to resume their limited use to keep fees affordable to families. Use of these funds, however, was limited to:

- General and administrative cost for nonappropriated personnel (e.g., health insurance, sick and annual leave, and retirement benefits).
- Training costs for child care personnel, including overtime costs for staff training sessions.
- Insurance.
- Accounting and bookkeeping fees if not supported by appropriated funds.

We were told that the above policy remains in effect and that its final intent is for user fees to be set at a level that will cover the salaries and wages of center staff members not supported by appropriated funds. This policy guidance pointed to the need to adjust user fees at both the Parris Island and Beaufort centers.

In fiscal year 1987, the Parris Island child care center covered 97 percent of its nonappropriated direct salary costs of $117,400 with user fees. In fiscal year 1988 it covered 87 percent of its $164,400 nonappropriated direct salary costs with user fee income. A Parris Island child care official told us that based on projections of nonappropriated costs, attendance, and income under the October 1, 1988, rate structure, they believe that in fiscal year 1989, user fees will cover nonappropriated manpower costs, and no additional user fee increases will be needed this year.

The Beaufort child care center, in comparison, received more than enough revenue from user fees to pay for $202,600 in nonappropriated direct salary costs in fiscal year 1987. In fiscal year 1988 it covered 113 percent of its $206,400 nonappropriated direct salary costs with user

fee income. The fiscal year 1988 income includes 7 months of receipts at its higher rate set on May 31, 1988. While Beaufort covered a greater percentage of nonappropriated direct salary costs than Parris Island, the amount of its rate increase was smaller, and Beaufort officials told us that their cost and income projections show that another increase will be needed in fiscal year 1989.

Withdrawing Savings to Supplement Nonappropriated MWR Funding Subsidies

Child care center expenses at Parris Island and Beaufort were paid from appropriated funds, child care user fees, and nonappropriated fund subsidies. While child care centers are expected to cover nonappropriated salaries with user fee income, any shortfall between income and nonappropriated salary expenses is paid with profits from other recreation activities, such as movie theaters and bowling lanes, and profits from the installation's exchange. The remaining nonappropriated expenses, such as personnel benefits and certain operations expenses, are also paid for with these profits.

During fiscal years 1987 and 1988, the Parris Island center needed nonappropriated subsidies of about $56,000 and $101,000, respectively, while the Beaufort center needed no subsidy in fiscal year 1987 and about a $57,000 subsidy in fiscal year 1988.

The funds available to subsidize child care and other MWR activities were not sufficient to cover nonappropriated fund expenses for fiscal year 1987 and 1988. Instead of immediately implementing large user fee increases to cover these expenses, both installations drew on their nonappropriated fund savings accounts, which consisted of previous years' nonappropriated fund profits.

We were told that the amount of nonappropriated fund savings withdrawn to subsidize MWR purposes during fiscal years 1987 and 1988 totaled $100,000 at Parris Island and $400,000 at Beaufort. We were told that about $47,000 of Parris Island's withdrawal and about $49,000 of Beaufort's went to cover child care center costs.

These savings helped to limit the need for user fee increases when appropriated funds, fees charged, and other nonappropriated fund subsidies did not fully cover expenses. Nonappropriated fund savings, we were told, are intended to be used for contingencies and are not available for the long-term support of recreation activities. Therefore, according to officials at both installations, such savings could not be treated as

a long-term source of subsidy support, and one of the reasons they had to raise user fees was to prevent the further depletion of those savings.

Fiscal Year 1988 Appropriated Funds Available for MWR Activities Reduced

Congressional budget cuts in fiscal year 1987, and a funding cap in 1988, reduced the MWR appropriated funds available to the Marine Corps. In fiscal year 1988, the Marine Corps' MWR budget was set at $46 million, which was $3 million lower than its 1987 MWR appropriation and $6 million less than its 1986 appropriation. The effect of this reduction was spread across the total MWR program; as a result, Parris Island and Beaufort received reduced funding.

MWR appropriations for Parris Island and Beaufort were set as shown in table I.3.

Table I.3: MWR Appropriations for Parris Island and Beaufort (Fiscal Years 1987 and 1988)

	FY 1987	FY 1988
Parris Island	$882,000	$372,000
Beaufort	1,200,000	580,000

Officials at both installations indicated that because the amounts of the cuts were not announced until March 1988, they had been spending at a higher assumed budget level during the first half of fiscal year 1988. As a result, the new MWR appropriated levels did not provide enough funds to cover MWR appropriated salaries for the remainder of the fiscal year.

In spite of these cuts, base commanders at Parris Island and Beaufort exercised their discretion in allocating appropriations among the different recreation activities and protected child care programs from the types of cuts imposed on other recreation activities. Table I.4 shows the fiscal year 1987 and 1988 appropriated funds for each of the recreation categories and child care after the 1988 cap was announced. As can be seen, the funds allocated to child care actually increased, while funds allocated to the other recreation categories decreased.

Table I.4: Change in Appropriated Funds for Recreation Categories From Fiscal Year 1987 to Fiscal Year 1988

	FY 1987[a]	FY 1988[b]	Percent change
Parris Island:			
Child care center	$43,600	$45,100	+3.4
Category A	178,600	176,600	−1.1
Category B (except child care)	5,900	0	−100.0
Category C	21,600	0	−100.0
Total	**$249,700**	**$221,700**	**−11.2**
Beaufort:			
Child care center	$47,700	$64,800	+35.8
Category A	116,000	77,300	−33.4
Category B (except child care)	72,300	43,500	−39.8
Category C	65,400	31,100	−52.4
Total	**$301,400**	**$216,700**	**−28.1**

[a]October 1, 1986, to September 30, 1987

[b]October 1, 1987, to September 30, 1988

Increases in Manpower and Operations Expenses

Child care center expenses to be paid with appropriated and nonappropriated funds at both Parris Island and Beaufort increased from fiscal year 1987 to fiscal year 1988. These increases were caused by higher operating and personnel costs.

In July 1987, the Parris Island child care center opened an annex to care for the older children enrolled. The center increased its capacity by about 65 children by adding four rooms. This necessitated hiring nine additional staff members—a full-time caregiver and an assistant for each room and a supervisor responsible for the overall operation of the annex. We were told by Parris Island personnel that most of the increase in nonappropriated fund expenses at Parris Island from fiscal year 1987 to 1988 was due to the added costs associated with this annex since only about 3 months of those expenses would be reflected in 1987 while a full 12 months would be reflected in 1988.

Although expenses paid with appropriated and nonappropriated funds increased at the Beaufort center, greater increases occurred at the Parris Island center. These increases resulted from a small rise in salary expenses and higher operations and administrative costs.

Another factor affecting expenses at the Parris Island child care center is the reduced use of intermittent staff members—caregivers who work

19.5 hours or less per week. Intermittents do not receive benefits, such as medical coverage and leave. Because extensive use of such personnel can adversely affect the quality of child care due to the lack of consistency in staff-child contacts, Marine Corps headquarters has encouraged installations to reduce the use of intermittents and hire full- or part-time (from 20 to 35 hours per week) caregivers, who are entitled to benefits.

From February 1988 to January 1989, the Parris Island child care center reduced its intermittent staff by 6 caregivers to a total of 14, while the number of intermittents at the Beaufort center remained constant at 12. The use of intermittent staff members is further discussed on page 19.

Family Services' Initiatives Emphasize Quality but Increase Expenses

In 1988, following a similar move at Marine Corps headquarters, child care program control at Parris Island and Beaufort was transferred from MWR to family support services. This transfer reflected an expanded emphasis on child development, which resulted in the need for more highly trained child care center staff to implement a developmental program.

On July 1, 1987, Marine Corps headquarters transferred its child care coordinator function from the Recreation Branch of the Morale Support Division to the Family Programs Branch of the Human Resources Division. The announcement of this change stated:

"This headquarters realignment affords child care appropriate recognition as an overall part of family programs. Today's need for child care reflects changes in military society resulting from the increased number of spouses employed outside the home, single parents, and dual military couples. Child care services are essential to the stability of many families, and are a factor in ensuring mission accomplishment and readiness of Marines."

An October 1987 message to installations recognized this headquarters transfer and suggested that commanders reconsider the organizational placement of their child care programs. The message recommended that on January 25, 1988, commanders transfer child care programs to the operational control of the family services center or other human resources activity so that "organizational lines of authority will be consistent." This transfer of program responsibility took place at Beaufort in January 1988 and at Parris Island in April 1988.

Developmental Focus Increases Training Needs

Officials at both installations indicated that training the present staff to meet developmental objectives will require that each full- and part-time employee be enrolled in an accredited educational program at a cost of approximately $1,000 per individual. Both centers are planning to send full- and part-time employees to courses at the Technical College of the Low Country in order for them to receive a certificate in child care. The cost for this training will be covered by the child care program because it was made an added condition of employment after the current staff members were hired. New personnel will be required to be certified before they are hired.

Use of Intermittent Staff Targeted

Both child care centers use intermittent staff to supplement their full- and part-time personnel. We were told that intermittent staff members offer an alternative to meeting personnel needs because they do not receive benefits such as medical coverage and leave. Potential disadvantages to using such staff are a lack of consistency in staff-child relationships and the low staff morale of those who do not receive benefits.

In its May 1988 message to installation child care programs, Marine Corps headquarters reminded installation commanders that full- and part-time staff should be assigned to children's classrooms during "core program hours." It also stated that intermittent staff may work as "floaters" to cover staff breaks in part-day and hourly care programs. Thus, the Marine Corps indicated its intent to use full- and part-time personnel rather than intermittents and to pay for the related employee benefits.

To determine how the composition of child care center personnel had changed, we collected staffing information for February 1988 and January 1989. As table I.5 shows, the Parris Island child care center reduced the number of intermittent employees by six, but it still continued to use two more intermittents than Beaufort.

Table I.5: Number of Personnel Working at the Two Child Care Centers by Type of Employee (Feb. 1988 to Jan. 1989)

	Parris Island		Beaufort	
	2/88	1/89	2/88	1/89
Full-time	9	9	12	12
Part-time	1	1	8	8
Intermittent	20	14	12	12
Total	**30**	**24**	**32**	**32**

Private Child Care Fees in the Parris Island and Beaufort Area

In the spring of 1988 both Parris Island and Beaufort staff conducted surveys of private child care to gauge the cost of competitive services. The Parris Island survey of four private child care centers, conducted in March 1988, found that weekly fees for one child ranged from about $39 to $50. The Beaufort survey of six private centers, conducted in May 1988, showed that weekly fees ranged from $35 to $56. Some of the private centers included the cost of meals and snacks in their basic fees; others required parents to provide the child's food. By comparison, the fees charged by both the Parris Island and Beaufort installations during the spring of 1988 were considerably lower.

In March 1989, we conducted a survey of seven private child care centers in the Parris Island/Beaufort area. We did not attempt to compare the types or quality of the services provided or the standards applicable in the private and military setting. Our survey showed that weekly fees at the private centers ranged from $38 to $55. As indicated above, some centers included the cost of meals in their basic fee, while others required parents to provide the child's food.

Despite recent increases, the weekly user fees for one child at Parris Island ($26 to $45) and Beaufort ($36 to $40) are still slightly lower than the fees charged by the seven private centers we surveyed in the Parris Island and Beaufort area. Furthermore, the fees at both installations are lower than the national Marine Corps child care average of $46 per week.

MWR Recreation Activities Supported by the Parris Island and Beaufort Marine Corps Installations, by Category

Category A—Mission-Sustaining Activities

Sports activities:
- Golf (At Parris Island, 5 percent of golf income and expense is category A; the remainder is category C; the Beaufort installation has no golf course)

Recreation Activities:
- Gym
- Library
- Athletic gear issue
- Athletic grounds
- Chess
- Entertainment/shows
- Party/picnic
- Recreation rooms
- Recreation gear issue

Category B—Basic Community Support Activities

Recreation Activities:
- Auto hobby
- Ceramics
- Woodworking
- Community center
- Recreation center
- Swimming pool
- Youth activities
- Preschool
- Fishing
- Dependent programs
- Tickets
- Sightseeing/travel & tours
- Bowling lanes (Beaufort only—fewer than 12 lanes)

Child care center

Category C—Revenue-Generating Activities

Recreation Activities:
- Marina
- Movie theater
- Golf (95 percent of income and expense at Parris Island; the Beaufort installation has no golf course)
- Service clubs
- Camping trailers
- Miniature golf
- Bowling lanes (Parris Island only—more than 12 lanes)

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